



# CLS Statistics on Foreign Exchange Activity

October 11, 2010

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# Summary highlights from reports

- » 90% of the traded FX value matures within three months, and over 75% within a week.  
In terms of volume, 95% is spot or earlier.
- » Spot represents 95% of average daily volumes, and 44% of the values. FX swaps represent 2% of volume, but 47% of the values, submitted to CLS.
- » USD is involved in 90% of FX trades by value, and 81% by volume.
- » US institutions are involved in half of the traded FX volumes and approximately one-third of the values.
- » US CLS Members (7) are involved with settlement of the payments for nearly half of the FX volume, and more than half of the FX values.
- » CLS settles payments for the two currency legs of a single FX trade simultaneously and on a gross basis. In contrast, funding requirements of CLS Members are calculated on a multilaterally netted basis. The payment netting efficiency is on average 96% of the gross value of FX trades. This means that only 4% of the aggregate FX value processed in CLS is required for funding to complete settlement each day.



# Guidance notes

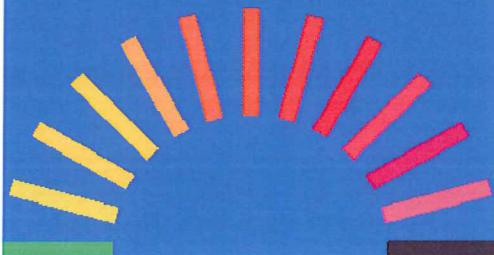


1. For these reports, information in the CLS system has been accumulated and presented based on the trade date. The payment banks, CLS Members, responsible for processing the payments relating to the trades have identified the trade details in the submitted payment message to CLS.
2. For these reports, BIS reporting conventions have been used: (i) trade date; (ii) traded, not settled basis; (iii) with respect to swap values, only the far leg is included in the values (to avoid double-counting); and (iv) activity in currencies add up to 200% (to account for each leg of an FX trade).
3. Industry adopted “best practice” is for CLS Members to submit payment instructions to the CLS system within two hours of trade execution. Most payments instructions are submitted within thirty minutes. These instructions include the economic details of the trade, which are matched by the CLS system to ensure settlement of payments for a single trade is performed accurately, and stored in the CLS system. The statistics provided are compiled from this underlying trade information.
4. Payment instructions do not include any formal transaction indicator (e.g. spot, forward, swap, exercised option). Product level breakdown for swap activity is derived through the identification of equal and opposite FX spot and forward trades in the CLS system.
5. Payment instructions are submitted by CLS Members for FX trades that are proprietary, affiliated or unaffiliated (third party) transactions. Where the FX trades relate to third party activity, the trading entity (and location) may vary from that of the CLS Member.
6. USD equivalent values are derived using a market rate (Reuters) between the USD and counter-currency.

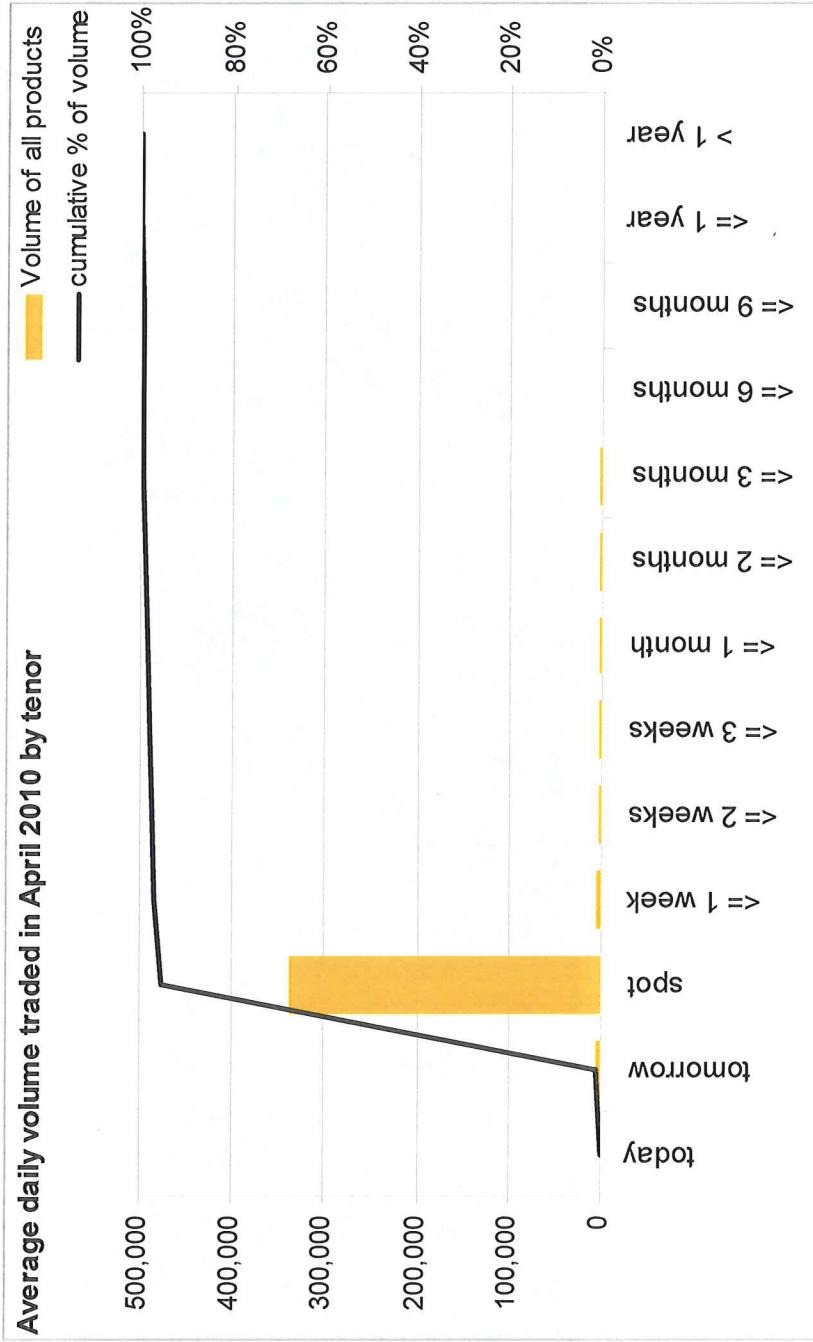




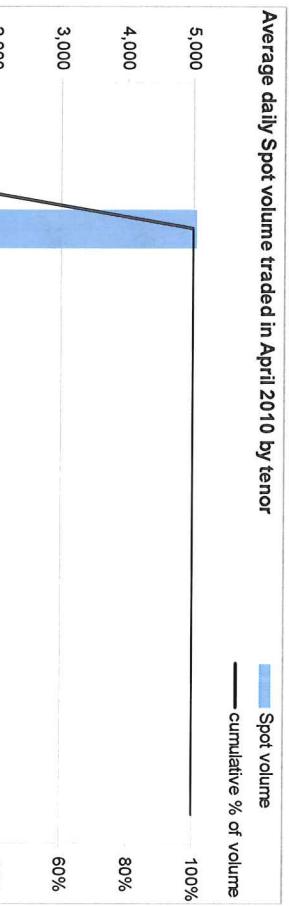
FX traded volume and value reports



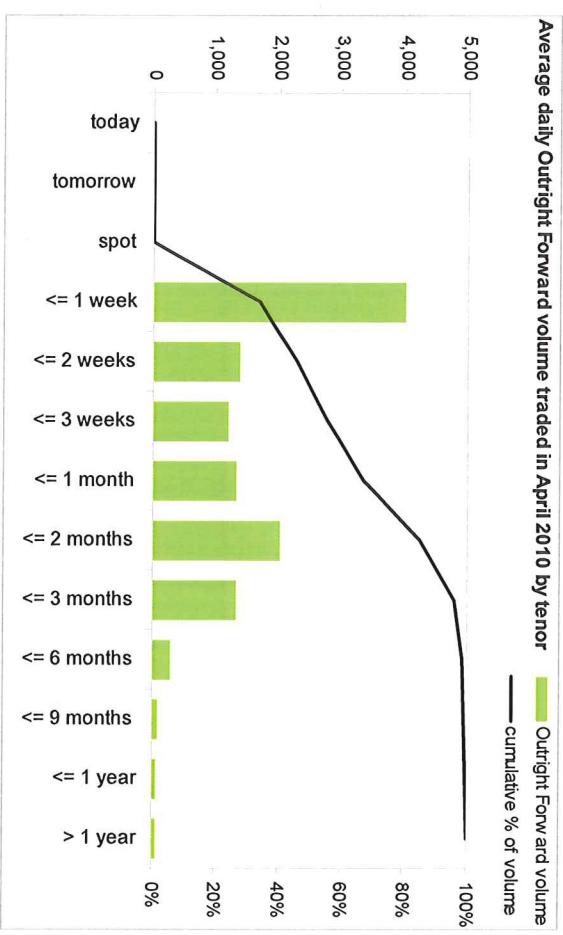
# Tenor – average traded volume



# Tenor – average traded volume by product



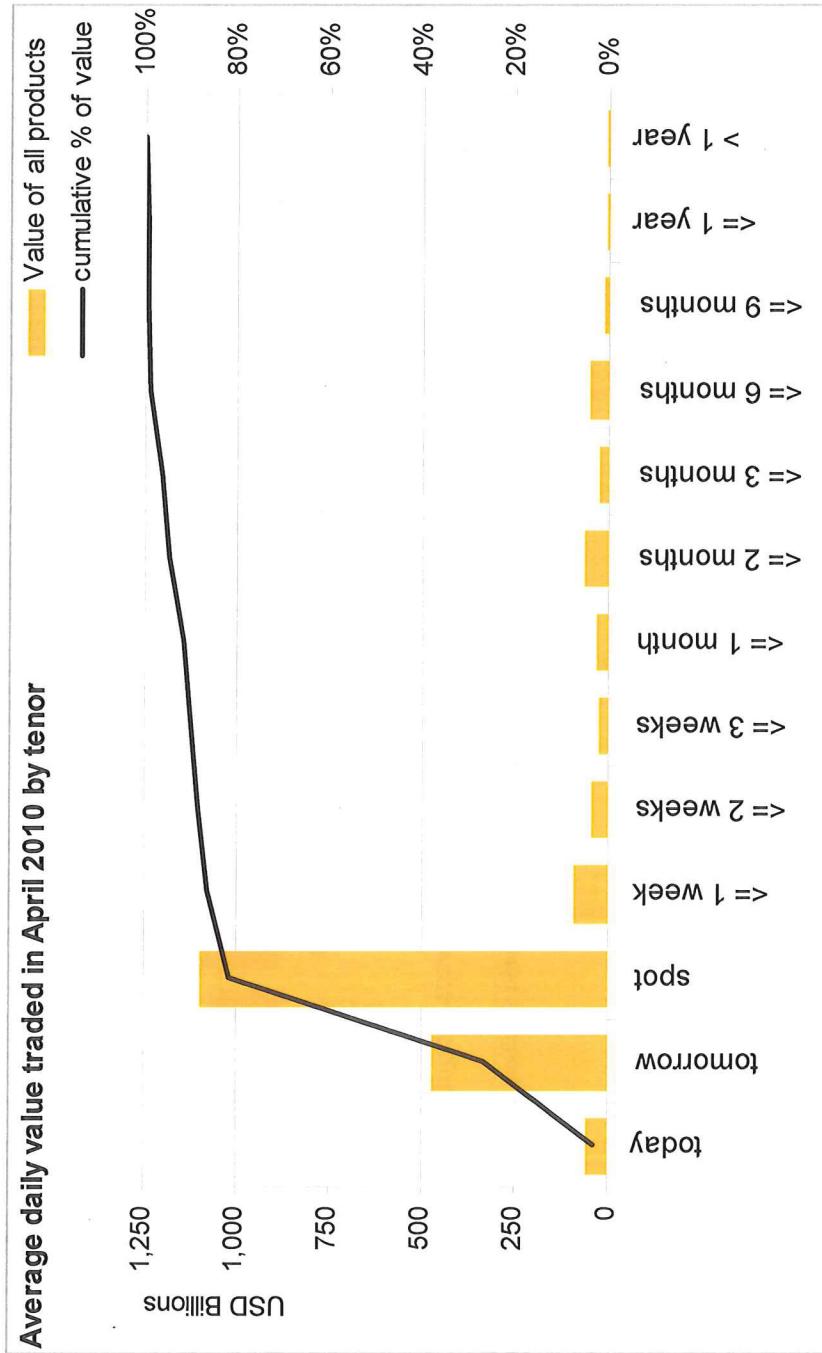
- Near leg of FX swaps included.



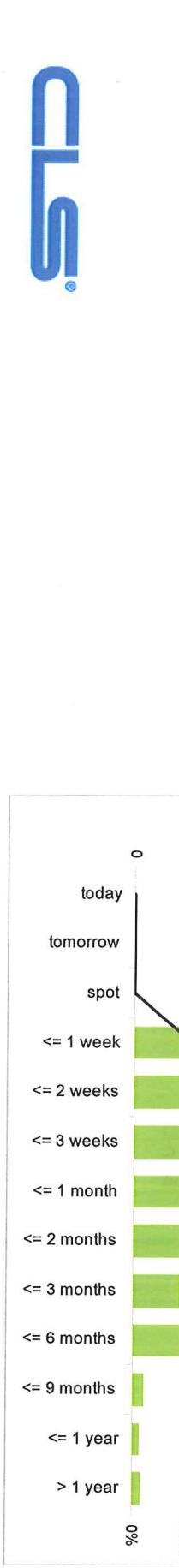
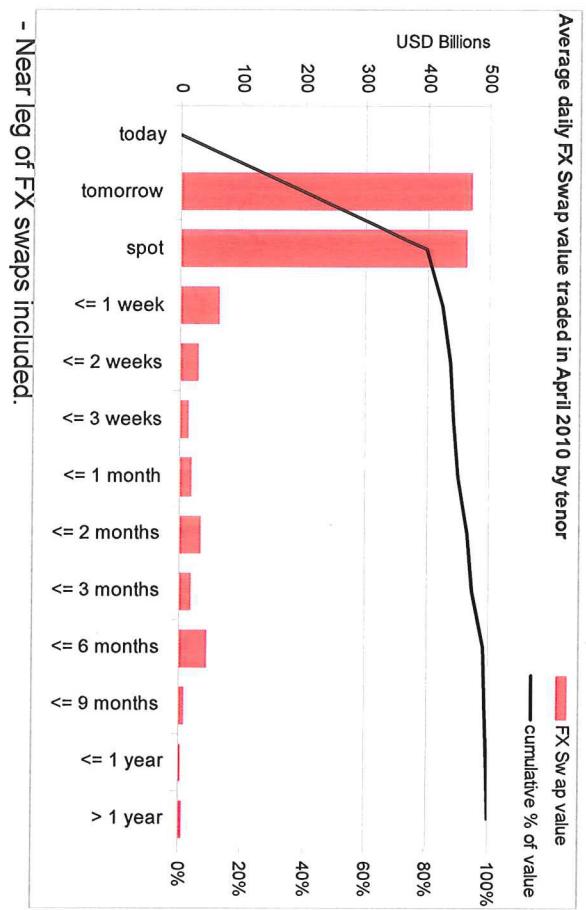
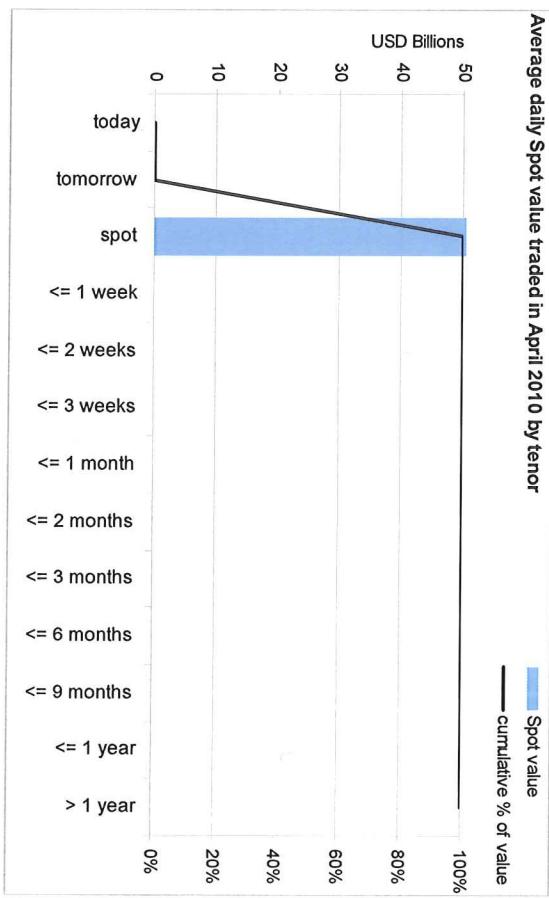
- For purposes of tenor, "spot" relates to the market convention for settlement, normally but not always two days.



# Tenor – average traded value

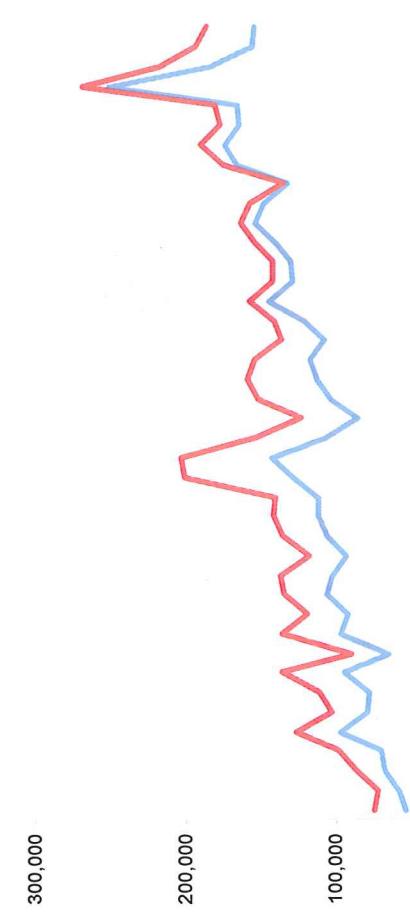


# Tenor – average traded value by product



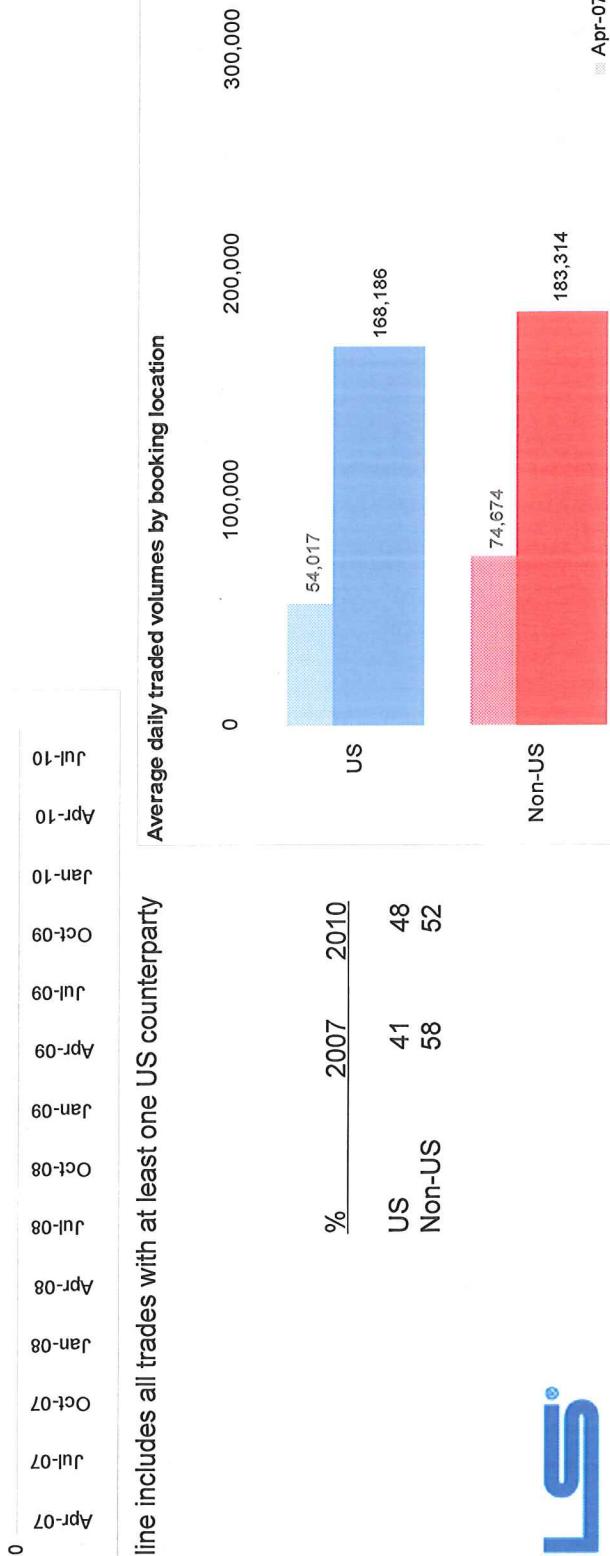
# Trading location – average traded volume

Average daily traded volumes by booking location



- "US" line includes all trades with at least one US counterparty

Average daily traded volumes by booking location



# Trading location – average traded value



Average daily traded values by booking location



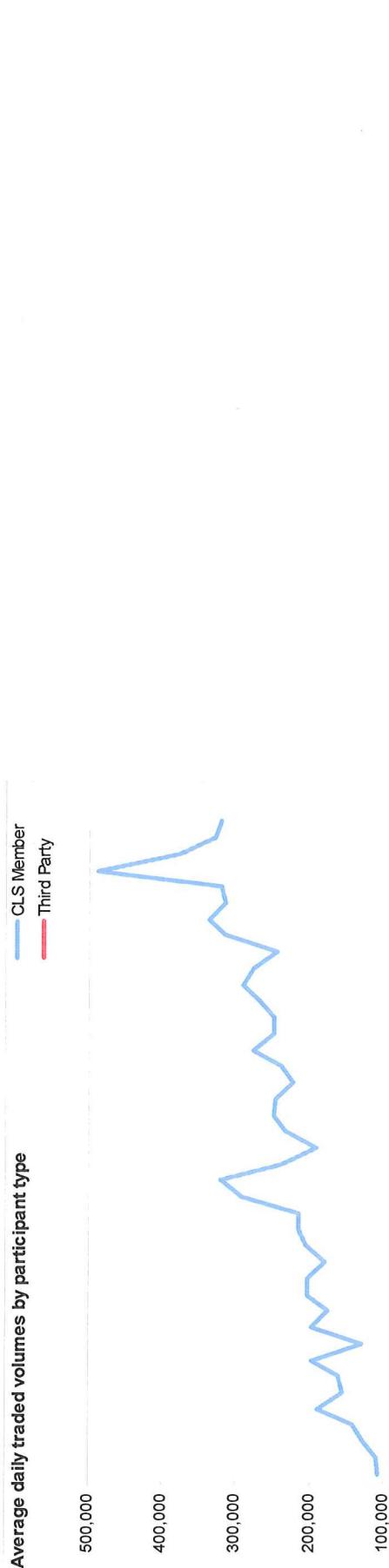
- “US” line includes all trades with at least one US counterparty

Average daily traded values (USD billions) by booking location



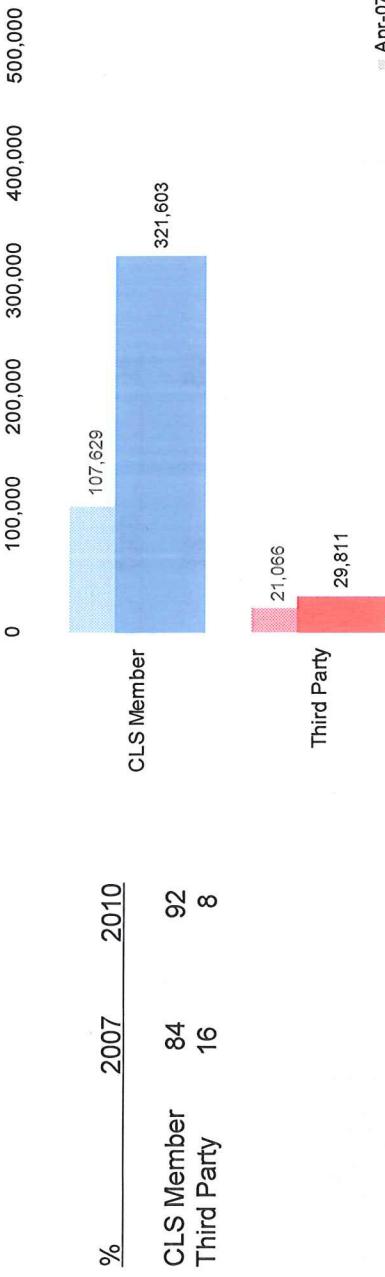
# Participant type – average traded volume

Average daily traded volumes by participant type



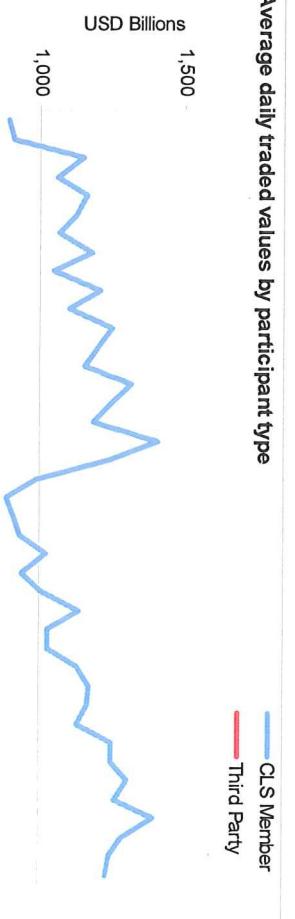
- "CLS Member" includes trades where both parties are Members

Average daily volumes by participant type



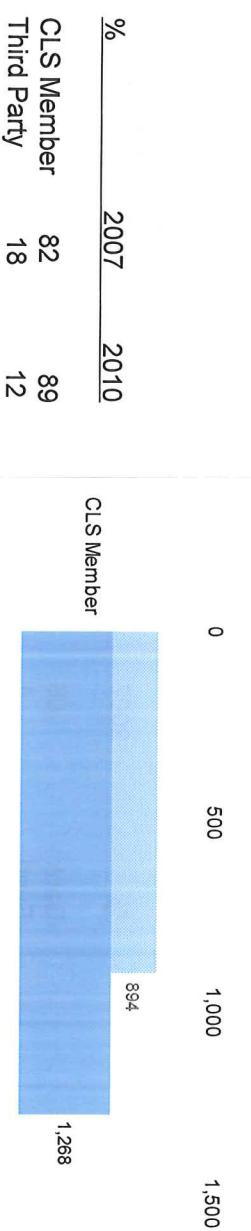
# Participant type – average traded value

Average daily traded values by participant type

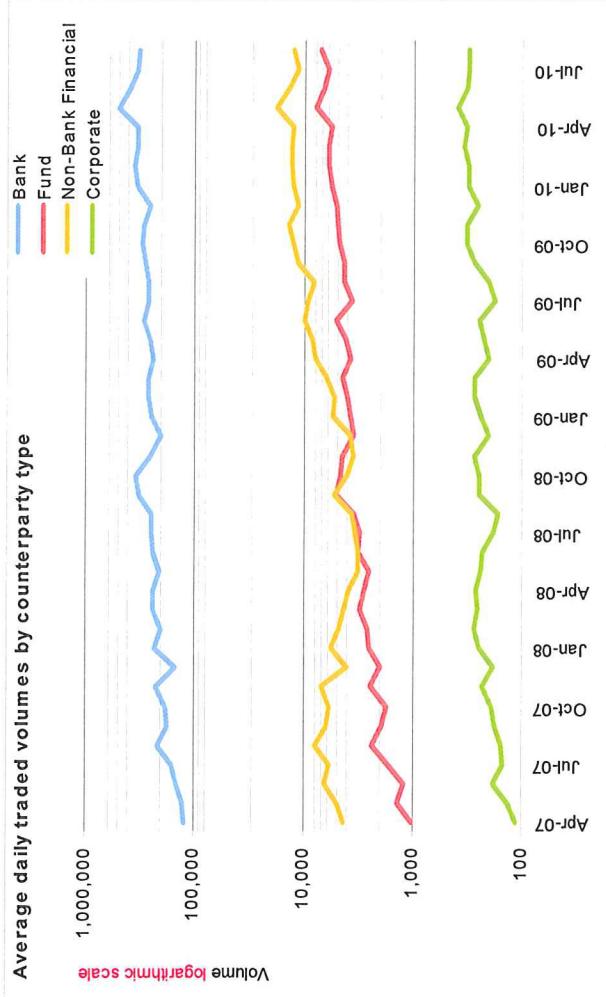


- “CLS Member” includes trades where both parties are Members

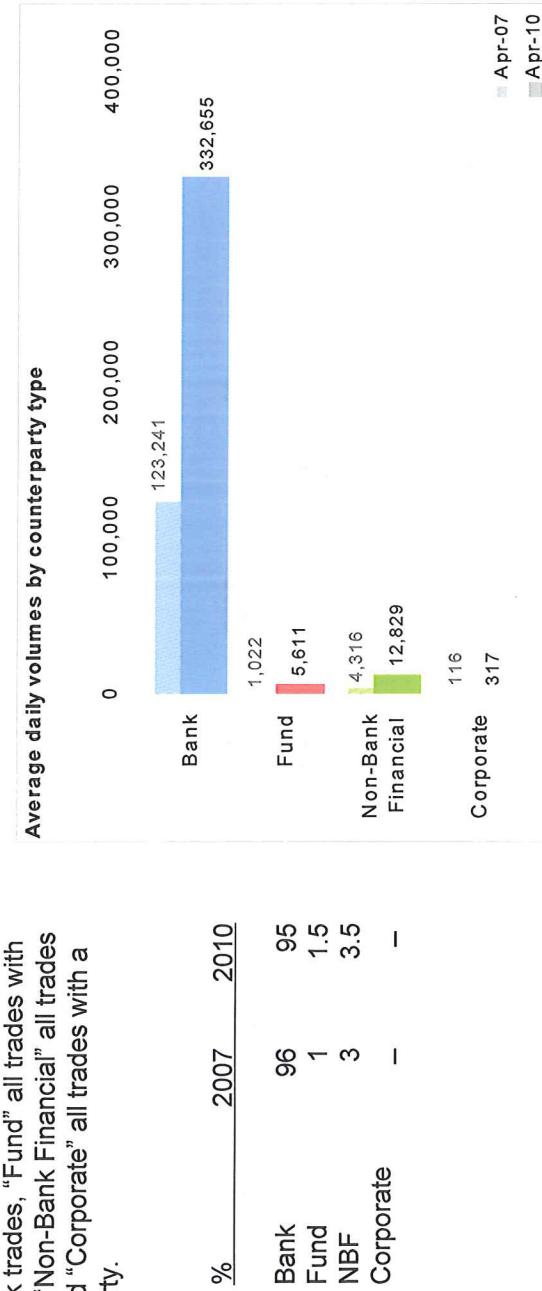
Average daily values (USD billions) by participant type



# Market segmentation – average traded volume



- “Bank” includes all inter-bank trades, “Fund” all trades with a fund as one counterparty, “Non-Bank Financial” all trades with a NBF counterparty, and “Corporate” all trades with a Corporate as one counterparty.



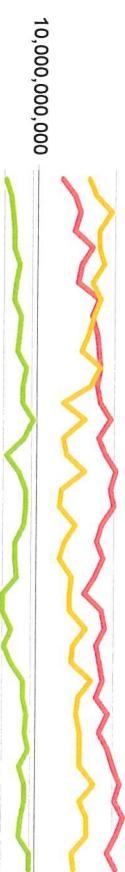
# Market segmentation – average traded value



Average daily traded values by counterparty type

	Bank	Fund	Non-Bank Financial	Corporate
10,000,000,000,000				
1,000,000,000,000				
100,000,000,000				
10,000,000,000				
1,000,000,000				
Apr-07				
Jul-07				
Oct-07				
Jan-08				
Apr-08				
Jul-08				
Oct-08				
Jan-09				
Apr-09				
Jul-09				
Oct-09				
Jan-10				
Apr-10				
Jul-10				

USD value logarithmic scale



- “Bank” includes all inter-bank trades, “Fund” all trades with a fund as one counterparty, “Non-Bank Financial” all trades with a NBF counterparty, and “Corporate” all trades with a Corporate as one counterparty.

Average daily values (USD billions) by counterparty type

	2007	2010
Bank		
Fund	95	94
NBF	1.5	3.5
Corporate	0.5	0.5
Non-Bank Financial	3	2
Corporate	0.5	0.5
	5	8

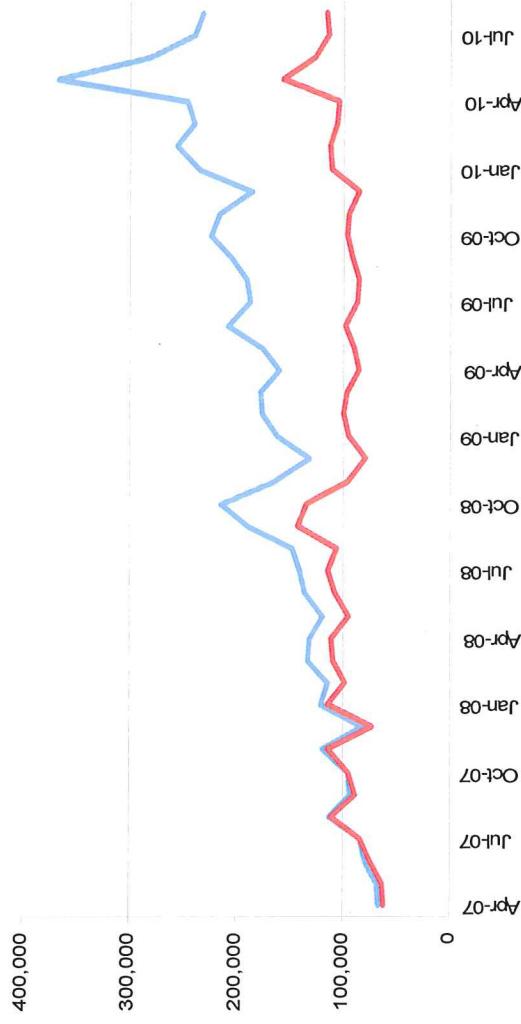


# Payment bank location – average traded volume

Average daily traded volumes by payment bank's location

US CLS Member

Non-US CLS Member



- "US" line includes all trades with at least one US Member

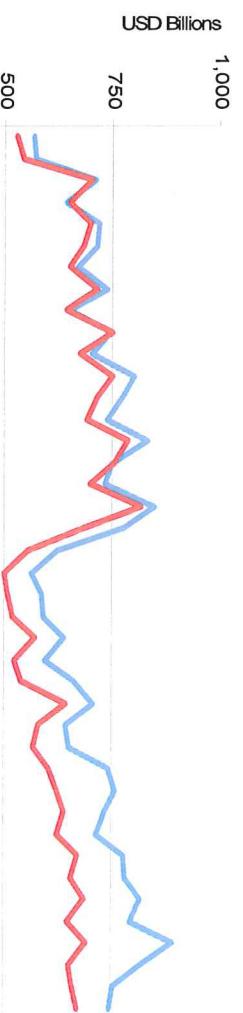
Average daily volumes by payment bank's location



# Payment bank location – average traded value



Average daily traded values by payment bank's location

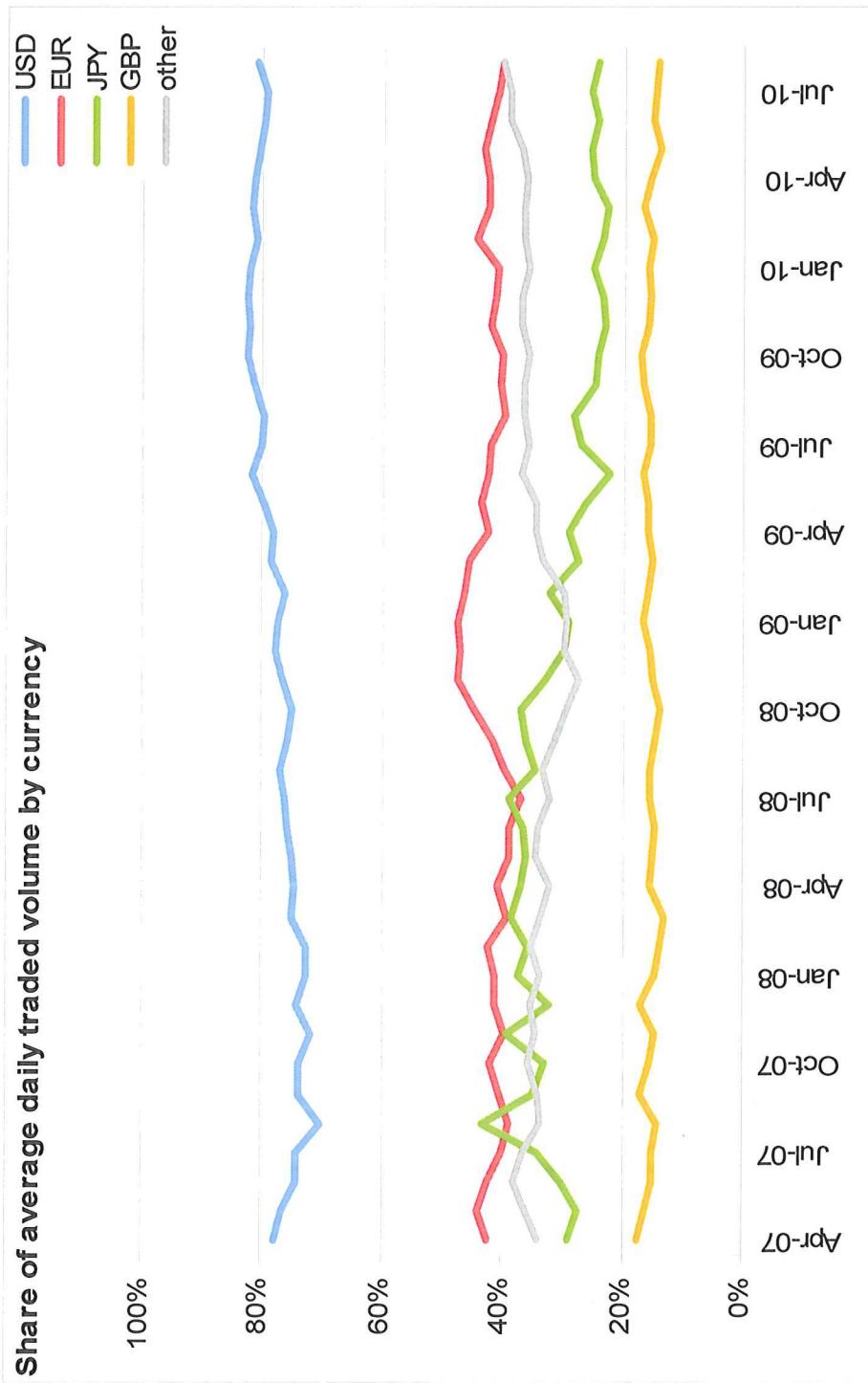


- “US” line includes all trades with at least one US Member

Average daily values (USD billions) by payment bank's location



# Currencies – Share of average volume



**CLS**

- Total will add up to 200% as each trade involves two currencies.  
- “Other” refers to remaining currencies (AUD, CAD, CHF, DKK, HKD, ILS, KRW, MXN, NOK, NZD, SEK, SGD & ZAR).

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# Currencies – average traded volume

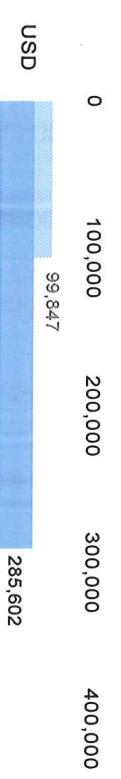


Average daily traded volumes by currency

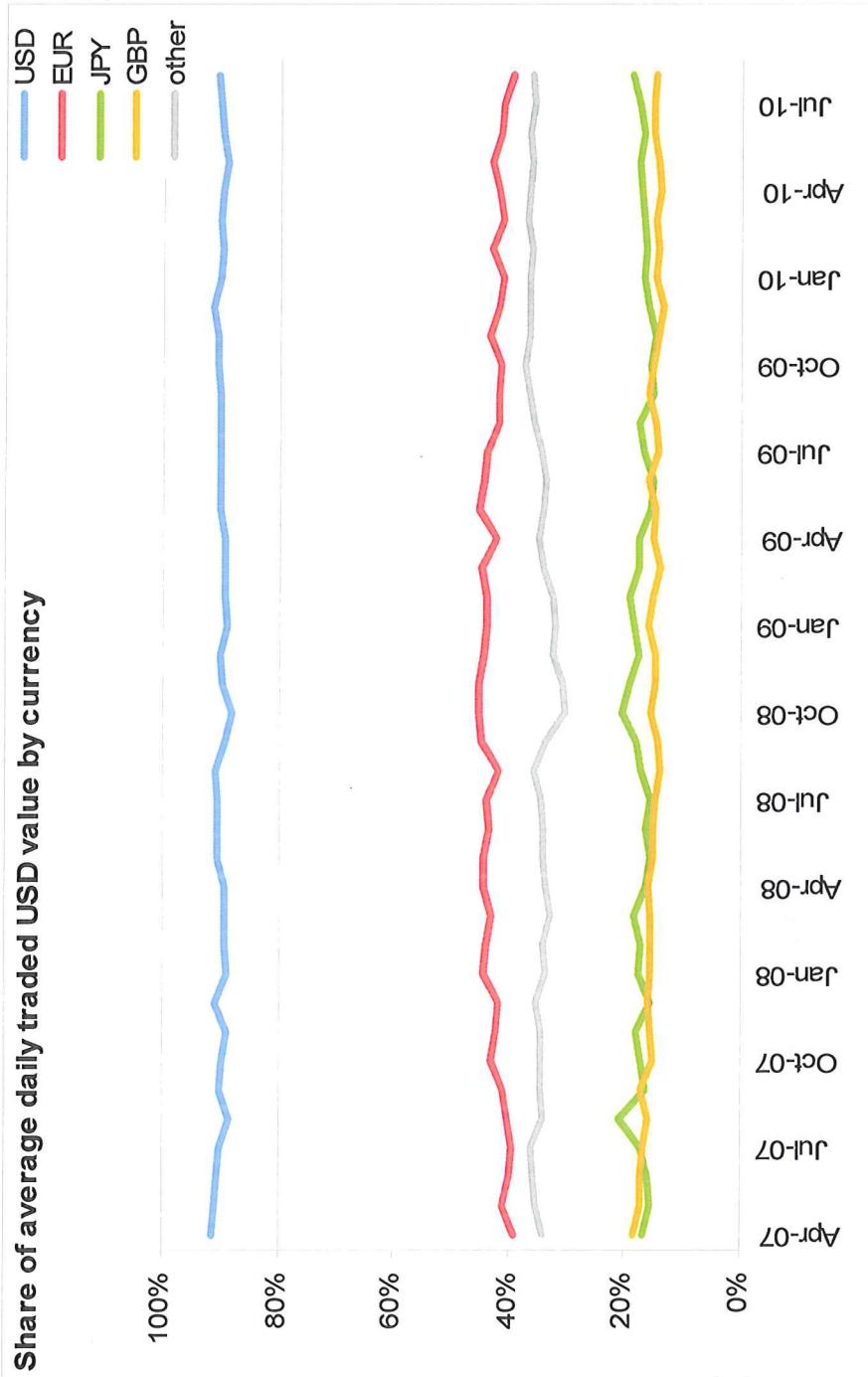


- "Other" refers to remaining currencies (AUD, CAD, CHF, DKK, HKD, ILS, KRW, MXN, NOK, NZD, SEK, SGD & ZAR),

Average daily volumes by currency



# Currencies – Share of average traded value

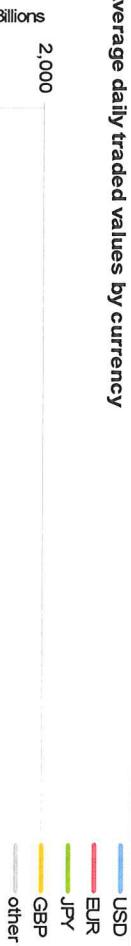


**CLGS**® - Total will add up to 200% as each trade involves two currencies.  
- “Other” refers to remaining currencies (AUD, CAD, CHF, DKK, HKD, ILS, KRW, MXN, NOK, NZD, SEK, SGD & ZAR).

# Currencies – average traded value

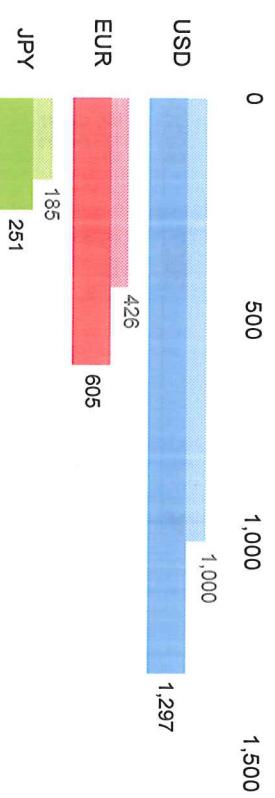


Average daily traded values by currency



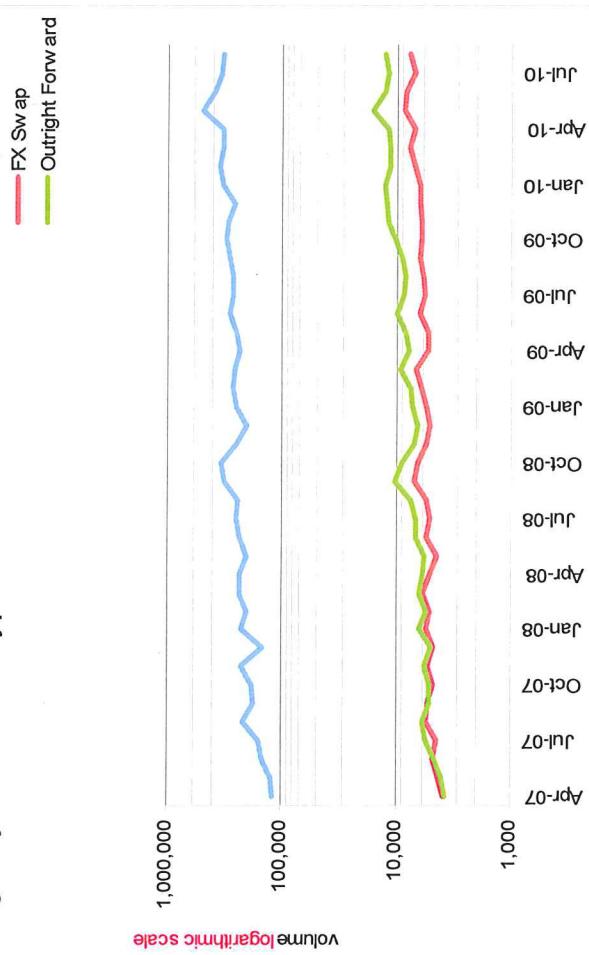
- "Other" refers to remaining currencies (AUD, CAD, CHF, DKK, HKD, ILS, KRW, MXN, NOK, NZD, SEK, SGD & ZAR),

Average daily values (USD billions) by currency

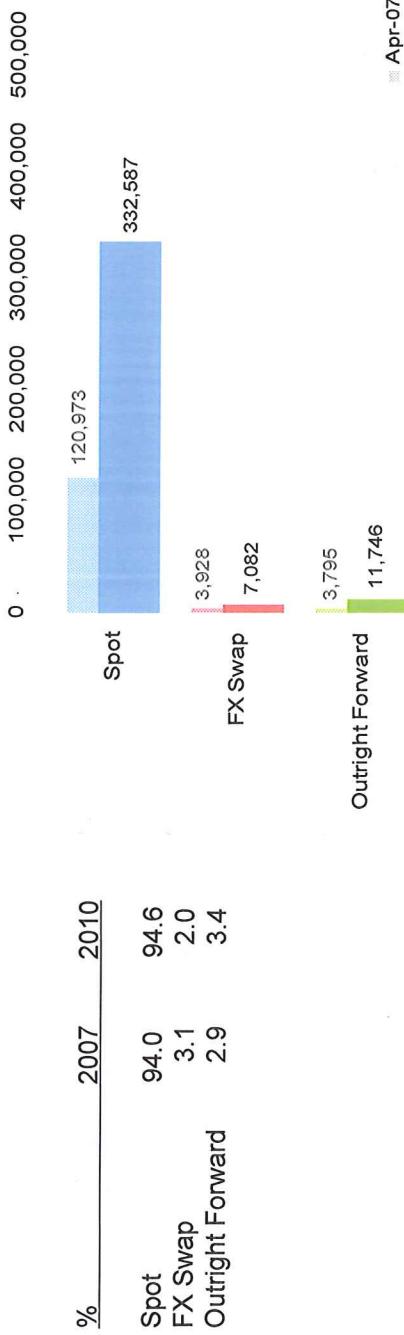


# Product type – average traded volume

Average daily traded volumes by product



Average daily volumes by product



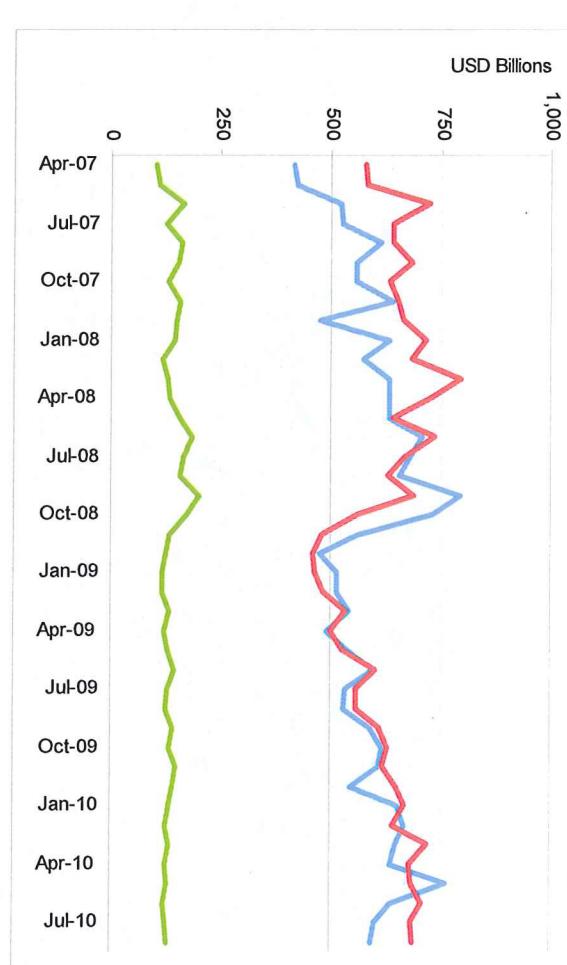
Apr-07 22  
Apr-10

# Product type – average traded value



Average daily traded values by product

Spot  
FX Swap  
Outright Forward



Average daily values (USD billions) by product

%  
2007 2010

Spot  
413  
635

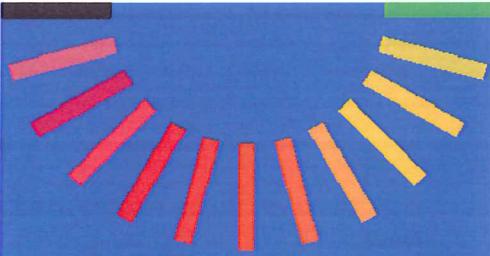
FX Swap  
577  
681

Outright Forward  
38  
53  
9

Outright Forward  
104  
128



## Settlement and funding



# Gross settlement values & multilateral net funding



**Gross value of trades settled in April 2010 and corresponding funding requirement resulting from multilateral net**

